

~~SECRET~~
~~SLAVE~~

Chief, Economic Research

1 September 1955

Chief, Materials Division

Exchange of Delegations - U.S. and USSR

1. Petroleum

a. General Consideration of the Soviets:

It is felt that USSR has a reasonably completed knowledge of U.S. technology and determined costs, etc. through published U.S. sources. They lack complete ability to copy U.S. processes, but it is unlikely that a short visit would be of particularly beneficial in this respect. A U.S. mission would learn little by way of new technology by visiting the Soviet installations since the Soviets are considerably behind the U.S.

b. Intelligence Considerations

From an intelligence point of view there would be much a U.S. delegation could gain. The greatest interest would be in information on the level of Soviet technology and practices, particularly in the refinery field. The intelligence gain to the Soviets from a U.S. visit would be less, in view of the ready availability of detailed information from open sources.

2. Non-ferrous Metals

a. General Consideration:

It is not believed that a Russian delegation would learn a great deal in the material readily available, unless the steel firms failed to exercise the usual commercial precautions. It is not believed that the U.S. delegation would acquire new knowledge from a Soviet visit. It is just possible, however, that there might be unique advance practices. The Russians might benefit from the observance of U.S. operating practices, including quantity, control, materials, handling, etc.

b. Intelligent Considerations:

The Soviets would probably not gain a great deal not already known or available. Our side would be certain to gain very valuable additions to our knowledge, i.e., blast furnaces

~~SECRET~~

SUBJECT: Exchange of Delegations - U.S. and USSR

or open hearth activities, raw materials, plant design, quantity of alloy steel, use of alloys, labor productivity, etc.

3. Chemicals

a. Intelligence Considerations:

It is doubtful if the U.S. would derive any benefit from such an exchange from a technical standpoint. The USSR chemical industry, particularly in heavy chemicals, is basically the same as our own; any variations will occur due to differences in raw materials, availability of manufacturing equipment, or other local conditions. Further it is improbable that U.S. representatives would be allowed access to plants making highly strategic products where there might conceivably be new techniques or processes. If this could be arranged, however, it would be delightful to know about hydrazine, boron compounds, etc.

From a production standpoint such an exchange might be worthwhile. Our present "gaps in intelligence" are largely due to lack of data on new plants and expansions of existing facilities. The value to be obtained, assuming fully qualified observers were chosen, would depend upon the sites visited. If a good cross section of plants could be visited, we could get a much better idea of production, product mix, etc. than we now have on this very complicated industry.

4. Nonferrous Metals

a. Intelligence Considerations

We have no good idea at present the size of aluminum, magnesium plants or of their level of technology. In addition the Russians are doing something interesting with underground mining and with the exploitation of the less common aluminum ores. Finally, if one might pipe-dream it would be extremely valuable to know something about the Soviet art with respect to Lithium, halfnium, zirconium and other exotics. If anything could be learned about these things an exchange of delegations which we believe would be of net value to the U.S.

25X1A9a

D/M/RR/LM:rnr/3011 (1 Sept 55)